

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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SENATE BILL 1527
Commerce, Small Business and Entrepreneurship Committee Substitute Adopted
6/26/07

Short Title: Amend Insurance Laws/Producers and Bail Bonds. (Public)

Sponsors:

Referred to:

March 28, 2007

A BILL TO BE ENTITLED

1 AN ACT TO MAKE VARIOUS CHANGES IN THE LAWS RELATING TO
2 LICENSING OF INSURANCE PRODUCERS AND BAIL BONDSMEN; TO
3 MAKE CHANGES IN THE FEE STRUCTURES FOR AGENTS AND
4 ADJUSTERS; TO AUTHORIZE THE OUTSOURCING OF CERTAIN
5 FUNCTIONS RELATING TO THE ADMINISTRATION OF CONTINUING
6 EDUCATION AND ADMINISTRATIVE PROGRAMS; AND TO MAKE OTHER
7 SUBSTANTIVE CHANGES.
8

9 The General Assembly of North Carolina enacts:

10 **SECTION 1.** G.S. 58-33-26 reads as rewritten:

11 "**§ 58-33-26. General license requirements.**

12 (a) No person shall act as or hold himself or herself out to be an agent, broker,
13 limited representative, adjuster, or motor vehicle damage appraiser unless duly licensed.

14 (b) No agent, broker, or limited representative shall make application for,
15 procure, negotiate for, or place for others, any policies for any kinds of insurance as to
16 which that person is not then qualified and duly licensed.

17 (c) Effective for new licenses issued before January 1, 2008, an~~A~~ agent or
18 broker may be licensed for the following kinds of insurance:

19 (1) Life and health insurance, meaning:

- 20 a. Life-insurance coverage on human lives, including benefits of
21 endowment and annuities, and may include benefits in the event
22 of death or dismemberment by accident and benefits for
23 disability income.
- 24 b. Variable life and variable annuity products-insurance coverage
25 provided under variable life insurance contracts and variable
26 annuities.

- 1 c. Accident and health or sickness-insurance coverage for
2 sickness, bodily injury, or accidental death and may include
3 benefits for disability income.
- 4 (2) Property and liability insurance, meaning:
- 5 a. Coverage for the direct or consequential loss or damage to
6 property of every kind.
- 7 b. Coverage against legal liability, including that for death, injury,
8 or disability or damage to real or personal property.
- 9 (3) Personal lines, meaning property and liability insurance coverage sold
10 to individuals and families for primarily noncommercial purposes.
- 11 (4) Medicare supplement insurance and long-term care insurance, as a
12 supplement to a license for the kinds of insurance listed in subdivision
13 (1) of this subsection.

14 These lines of authority shall remain applicable for holders of these licenses
15 until the Commissioner provides applicable replacement licenses under the
16 new lines that will go into effect for new licenses on January 1, 2008.
17 Replacement licenses shall grant authority comparable to the licenses being
18 replaced.

19 (c1) Effective for licenses issued on or after January 1, 2008, an agent or broker
20 may be licensed for the following kinds of insurance:

- 21 (1) Accident and health or sickness – Insurance coverage for sickness,
22 bodily injury, or accidental death and may include benefits for
23 disability income.
- 24 (2) Casualty – Insurance coverage against legal liability, including that for
25 death, injury, or disability, or damage to real or personal property.
- 26 (3) Limited line insurance.
- 27 (4) Life – Insurance coverage on human lives, including benefits in the
28 event of death or dismemberment by accident and benefits for
29 disability income.
- 30 (5) Medicare supplement insurance and long-term care insurance, as a
31 supplement to a license for the kinds of insurance listed in subdivision
32 (1) of this subsection.
- 33 (6) Personal lines – Property and casualty insurance coverage sold to
34 individuals and families for primarily noncommercial purposes.
- 35 (7) Property – Insurance coverage for the direct or consequential loss or
36 damage to property of every kind.
- 37 (8) Variable life and variable annuity products – Insurance coverage
38 provided under variable life insurance contracts and variable annuities.
- 39 (9) Any other kind of insurance permitted under State laws or
40 administrative rules.

41 (d) ~~A property and liability insurance license does not authorize an agent to sell~~
42 ~~accident and health insurance. An agent must hold a life and health insurance license to~~
43 ~~sell accident and health insurance.~~ A person holding a license or licenses for the kind or

1 kinds of insurance specified in subsection (c1) of this section may sell, solicit, or
2 negotiate only the kind or kinds of insurance for which that person is licensed.

3 (e) ~~A life and health insurance-variable life and variable annuity products~~ license
4 authorizes a resident agent to ~~sell-sell, solicit, or negotiate~~ variable contracts if the agent
5 satisfies the Commissioner that the agent has met the National Association of Securities
6 Dealers requirements of the Secretary of State of North Carolina.

7 (f) ~~A life and health insurance-~~An accident and health or sickness license
8 authorizes a resident agent to ~~sell-sell, solicit, or negotiate~~ Medicare supplement and
9 long-term care insurance policies as defined respectively in Articles 54 and 55 of this
10 Chapter, provided that the licensee takes and passes a supplemental written examination
11 for the insurance as provided in G.S. 58-33-30(e) and pays the supplemental registration
12 fee provided in G.S. 58-33-125(c).

13 (g) ~~A limited representative may receive qualification for one or more licenses~~
14 ~~without examination for the following kinds of insurance:~~

15 (1) ~~Dental services.~~

16 (2) ~~Limited line credit insurance.~~

17 (3) ~~Limited lines insurance.~~

18 (4) ~~Motor club.~~

19 (5) ~~Prearrangement insurance, as defined in G.S. 58-60-35(a)(2), when~~
20 ~~offered or sold by a preneed sales licensee licensed under Article 13D~~
21 ~~of Chapter 90 of the General Statutes.~~

22 (6) ~~Travel accident and baggage.~~

23 (7) ~~Vehicle service agreements and mechanical breakdown insurance.~~

24 The Commissioner may issue one or more licenses without examination to
25 individuals for limited lines insurance per qualifications and application procedures
26 defined in the administrative rules.

27 (h) No licensed agent, broker, or limited representative shall ~~solicit-sell, solicit,~~
28 ~~or negotiate~~ anywhere in the boundaries of this State, or receive or transmit an
29 application or premium of insurance, for a company not licensed to do business in this
30 State, except as provided in G.S. 58-28-5 and Article 21 of this Chapter.

31 (i) No agent shall place a policy of insurance with any insurer unless the agent
32 has a current appointment as agent for the insurer in accordance with G.S. 58-33-40 or
33 has a valid temporary license issued in accordance with G.S. 58-33-66.

34 (j) A business entity that ~~sells, negotiates, or solicits-sells, solicits, or negotiates~~
35 insurance shall be licensed in accordance with G.S. 58-33-31(b). Every member of the
36 partnership and every officer, director, stockholder, and employee of the business entity
37 personally engaged in this State in ~~soliciting or negotiating-selling, soliciting, or~~
38 ~~negotiating~~ policies of insurance shall qualify as an individual licensee. A business
39 entity license shall expire on April 1 of each year unless the business entity pays the
40 renewal fee.

41 (k) The license shall state the name and ~~social security number, or other an~~
42 identifying number of the licensee, date of issue, kind or kinds of insurance covered by
43 the license, and any other information as the Commissioner deems to be proper.

1 (l) A license issued to an agent authorizes him to act until his license is
2 otherwise suspended or revoked. Upon the suspension or revocation of a license, the
3 licensee or any person having possession of such license shall return it to the
4 Commissioner.

5 (m) A license of a broker, limited representative, adjuster, or motor vehicle
6 damage appraiser shall be renewed on April 1 each year, and renewal fees shall be paid.
7 The Commissioner is not required to print licenses for the purpose of renewing licenses.
8 The Commissioner may establish for licenses "staggered" license renewal dates that will
9 apportion renewals throughout each calendar year. If the system of staggered licensing
10 is adopted, the Commissioner may extend the licensure period for some licensees.
11 License renewal fees prescribed by G.S. 58-33-125 shall be prorated to the extent they
12 are commensurate with extensions.

13 (n) A license as an insurance producer is not required of the following:

14 (1) An officer, director, or employee of an insurer or of an insurance
15 producer, provided that the officer, director, or employee does not
16 receive any commission on policies written or sold to insure risks
17 residing, located, or to be performed in this State, except for indirect
18 receipt of proceeds of commissions in the form of salary, benefits, or
19 distributions, and:

- 20 a. The officer, director, or employee's activities are executive,
21 administrative, managerial, clerical, or a combination of these,
22 and are only indirectly related to the sale, solicitation, or
23 negotiation of insurance; or
24 b. The officer, director, or employee's function relates to
25 underwriting, loss control, inspection, or the processing,
26 adjusting, investigating, or settling of a claim on a contract of
27 insurance; or
28 c. The officer, director, or employee is acting in the capacity of a
29 special agent or agency supervisor assisting insurance producers
30 where the person's activities are limited to providing technical
31 advice and assistance to licensed insurance producers and do
32 not include the sale, solicitation, or negotiation of insurance.

33 (2) A person who secures and furnishes information for the purpose of
34 group life insurance, group property and casualty insurance, group
35 annuities, group or blanket accident and health insurance; or for the
36 purpose of enrolling individuals under plans; issuing certificates under
37 plans or otherwise assisting in administering plans; or performs
38 administrative services related to mass-marketed property and casualty
39 insurance; where no commission is paid to the person for the service.

40 (3) An employer or association or its officers, directors, employees, or the
41 trustees of an employee trust plan, to the extent that the employers,
42 officers, employees, director, or trustees are engaged in the
43 administration or operation of a program of employee benefits for the
44 employer's or association's own employees or the employees of its

1 subsidiaries or affiliates, which program involves the use of insurance
2 issued by an insurer, as long as the employers, associations, officers,
3 directors, employees, or trustees are not in any manner compensated,
4 directly or indirectly, by the company issuing the contracts.

5 (4) Employees of insurers or organizations employed by insurers who are
6 engaging in the inspection, rating, or classification of risks, or in the
7 supervision of the training of insurance producers and who are not
8 individually engaged in the sale, solicitation, or negotiation of
9 insurance.

10 (5) A person whose activities in this State are limited to advertising
11 without the intent to solicit insurance in this State through
12 communications in printed publications or other forms of electronic
13 mass media whose distribution is not limited to residents of this State,
14 provided that the person does not sell, solicit, or negotiate insurance
15 that would insure risks residing, located, or to be performed in this
16 State.

17 (6) A person who is not a resident of this State who sells, solicits, or
18 negotiates a contract of insurance for commercial property and
19 casualty risks to an insured with risks located in more than one state
20 insured under that contract, provided that that person is otherwise
21 licensed as an insurance producer to sell, solicit, or negotiate that
22 insurance in the state where the insured maintains its principal place of
23 business and the contract of insurance insures risks located in that
24 state.

25 (7) A salaried full-time employee who counsels or advises his or her
26 employer relative to the insurance interests of the employer or of the
27 subsidiaries or business affiliates of the employer provided that the
28 employee does not sell or solicit insurance or receive a commission.

29 (8) Licensed insurers authorized to write the kinds of insurance described
30 in G.S. 58-7-15(1) through G.S. 58-7-15(3) that do business without
31 the involvement of a licensed agent.

32 (9) A person indirectly receiving proceeds of commissions as part of the
33 transfer of insurance business or in the form of retirement or similar
34 benefits.

35 (o) Nothing in this Article requires an insurer to obtain an insurance producer
36 license. In this subsection, "insurer" does not include an insurer's officers, directors,
37 employees, subsidiaries, or affiliates.

38 (p) An individual shall not simultaneously hold an agent's and an adjuster's
39 license in this State. An individual who holds a property and liability insurance license
40 may apply for an adjuster license without having to take the adjuster examination in
41 G.S. 58-33-30(e) if the individual applies for the adjuster license within 60 days after
42 surrendering the property and liability insurance license. An individual who holds an
43 adjuster license may apply for a property and liability insurance license without having
44 to take the property and liability insurance agent examination in G.S. 58-33-30(e) if the

1 individual applies for the property and liability insurance license within 60 days after
2 surrendering the adjuster license."

3 **SECTION 2.** G.S. 58-33-10(2) reads as rewritten:

4 "(2) "Adjuster" means any individual who, for salary, fee, commission, or
5 other compensation of any nature, investigates or reports to his
6 principal relative to claims arising under insurance contracts other than
7 life or annuity. An attorney at law who adjusts insurance losses from
8 time to time incidental to the practice of his profession or an adjuster
9 of marine losses is not deemed to be an adjuster for purposes of this
10 Article. ~~An individual may not simultaneously hold an agent's and an
11 adjuster's license in this State."~~

12 **SECTION 3.** G.S. 58-33-30(d) reads as rewritten:

13 "(d) Education and Training. –

14 (1) Each applicant must have had special education, training, or
15 experience of sufficient duration and extent reasonably to satisfy the
16 Commissioner that the applicant possesses the competence necessary
17 to fulfill the responsibilities of an agent, broker, limited representative,
18 adjuster, or motor vehicle damage appraiser.

19 (2) All individual applicants for licensing as ~~life and health agents or as~~
20 ~~property and liability agents~~ under G.S. 58-33-26(c1)(1), (2), (4), (6),
21 or (7) shall furnish evidence satisfactory to the Commissioner of
22 successful completion of at least 40-20 hours of instruction, instruction
23 for each license, which shall in all cases include the general principles
24 of insurance and any other topics relevant to the license that the
25 Commissioner establishes by regulation; and which shall, in the case
26 of life and health insurance applicants, include the principles of life,
27 accident, and health insurance and, in the case of property and liability
28 insurance applicants, shall include instruction in property and liability
29 insurance.—administrative rules. Any applicant who submits
30 satisfactory evidence of having successfully completed an agent
31 training course that has been approved by the Commissioner and that
32 is offered by or under the auspices of a property or liability or life or
33 health insurance company admitted to do business in this State or a
34 professional insurance association shall be deemed to have satisfied
35 the educational requirements of this subdivision. ~~The requirement in~~
36 this subdivision for completion of 40 hours of instruction applies only
37 to applicants for life and health or property and liability insurance
38 licenses.

39 (3) Each resident applicant for a Medicare supplement and long-term care
40 insurance license shall furnish evidence satisfactory to the
41 Commissioner of successful completion of 10 hours of instruction,
42 which shall in all cases include the principles of Medicare supplement
43 and long-term care insurance and federal and North Carolina law
44 relating to such insurance. A resident applicant who submits

satisfactory evidence of having successfully completed an agent training course that has been approved by the Commissioner and that is offered by or under the auspices of a licensed life or health insurer or a professional insurance association satisfies the educational requirements of this subdivision."

SECTION 4. G.S. 58-33-32(k) reads as rewritten:

"(k) A producer shall report to the Commissioner any administrative action taken against the producer in another state or by another governmental agency in this State within 30 days after the final disposition of the matter. As used in this subsection, "administrative action" includes enforcement action taken against the producer by the National Association of Securities Dealers. This report shall include a copy of the order or consent order and other information or documents filed in the proceeding necessary to describe the action."

SECTION 5. G.S. 58-33-46(a)(2) reads as rewritten:

"(2) Violating any insurance ~~laws, or law~~ of this or any other state, violating any administrative rule, subpoena, or order of the Commissioner or of another state's insurance ~~regulator, regulator, or~~ violating any rule of the National Association of Securities Dealers."

SECTION 6. G.S. 58-33-46(a)(6) reads as rewritten:

"(6) Having been convicted of a ~~felony or of felony~~, a misdemeanor involving ~~dishonesty or dishonesty~~, a breach of ~~trust, trust, or a~~ misdemeanor involving moral turpitude."

SECTION 7. G.S. 58-33-125 reads as rewritten:

"§ 58-33-125. Fees.

(a) The following table indicates the annual fees that are required for the respective licenses issued, renewed, or cancelled under this Article and Article 21 of this Chapter:

Adjuster.....	\$75.00
Adjuster, crop hail only	20.00
Agent appointment cancellation (paid by insurer).....	10.00
Agent appointment, individual	20.00
Agent appointment, nonindividual	50.00
Agent appointment, Medicare supplement and long-term care, individual	10.00
Agent appointment, Medicare supplement and long-term care, nonindividual	20.00
Agent, overseas military	20.00
Broker, nonresident.....	50.00
Broker, resident.....	50.00
<u>Business entity</u>	<u>100.00</u>
Limited representative	20.00
Limited representative cancellation (paid by insurer)	10.00
Motor vehicle damage appraiser.....	75.00
Recertification, continuing education.....	5.00

1	Surplus lines licensee, corporate.....	50.00	<u>100.00</u>
2	Surplus lines licensee, individual		50.00

3 These fees are in lieu of any other license fees. Fees paid by an insurer on behalf of a
 4 person who is licensed or appointed to represent the insurer shall be paid to the
 5 Commissioner on a quarterly or monthly basis, in the discretion of the Commissioner.
 6 ~~The recertification fee in this subsection shall be paid by persons subject to~~
 7 ~~G.S. 58-33-130 at the time they renew their licenses or appointments under~~
 8 ~~G.S. 58-33-130(e).~~

9 (b) Whenever a temporary license ~~may be~~ is issued ~~pursuant to~~ under this
 10 Article, the fee shall be at the same rate as provided in subsection (a) of this section; and
 11 any amounts so paid for a temporary license may be credited against the fee required for
 12 an appointment by the sponsoring company.

13 (c) Any person not registered who is required by law or administrative rule to
 14 secure a license shall, upon application for registration, pay to the Commissioner a fee
 15 of ~~thirty dollars (\$30.00). In the event~~ fifty dollars (\$50.00). If additional licensing for
 16 other kinds of insurance is requested, a fee of ~~thirty dollars (\$30.00)~~ fifty dollars
 17 (\$50.00) shall be paid to the Commissioner upon application for registration for each
 18 additional kind of insurance.

19 In addition to the fees prescribed by this subsection, any person applying for a
 20 supplemental license to sell Medicare supplement and long-term care insurance policies
 21 shall pay an additional fee of ~~thirty dollars (\$30.00)~~ fifty dollars (\$50.00) upon
 22 application for registration for those kinds of insurance.

23 (d) The requirement for an examination, prelicensing education, continuing
 24 education, or a registration fee does not apply to agents for domestic farmers' mutual
 25 assessment fire insurance companies or associations who solicit and sell only those
 26 kinds of insurance specified in G.S. 58-7-75(5)d for such companies or associations.

27 (e) ~~In the event a license issued under this Article is lost, stolen, or destroyed, the~~
 28 ~~Commissioner may issue a duplicate license upon a written request from the licensee~~
 29 ~~and payment of a fee of five dollars (\$5.00). A resident licensee may obtain a duplicate~~
 30 photo-bearing license at times and places within this State that the Commissioner
 31 considers necessary and reasonable to serve the convenience of both the Commissioner
 32 and the licensee. The Commissioner may contract directly with persons for processing
 33 of duplicate photo-bearing licenses, and the contract shall not be subject to Article 3 of
 34 Chapter 143 of the General Statutes. The Commissioner may charge a reasonable fee for
 35 duplicating a photo-bearing license in an amount that offsets the costs to the Department
 36 of duplicating the license, including costs associated with any contract entered into
 37 pursuant to this subsection.

38 (f) ~~Whenever a printed record of an agent's file is requested, the fee shall be ten~~
 39 ~~dollars (\$10.00) for each copy whether or not the agent is currently licensed, previously~~
 40 ~~licensed, or no record of that agent exists.~~

41 (g) All fees prescribed by this section are nonrefundable."

42 **SECTION 8.** G.S. 58-33-130 reads as rewritten:

43 **"§ 58-33-130. Continuing education program for licensees.**

1 (a) The Commissioner may adopt rules to provide for a program of continuing
2 education requirements for the purpose of enhancing the professional competence and
3 professional responsibility of adjusters and motor vehicle damage appraisers. The rules
4 may include criteria for:

- 5 (1) The content of continuing education courses;
- 6 (2) Accreditation of continuing education sponsors and programs;
- 7 (3) Accreditation of videotape or other audiovisual programs;
- 8 (4) Computation of credit;
- 9 (5) Special cases and exemptions;
- 10 (6) General compliance procedures; and
- 11 (7) Sanctions for noncompliance.

12 The Commissioner may contract directly with persons for the administration of the
13 program provided for by this section, and those contracts shall not be subject to Article
14 3 of Chapter 143 of the General Statutes. The Commissioner may charge a reasonable
15 fee to course providers to offset the cost of the program, including costs associated with
16 contracts authorized by this subsection. The fee authorized by this subsection shall be in
17 addition to the fees specified in G.S. 58-33-133. As used in this section and in
18 G.S. 58-33-132, "administrator" means any person with whom the Commissioner has
19 contracted under this subsection.

20 (b) The Commissioner may adopt rules to provide for the continuing professional
21 education of all agents and ~~brokers, including fraternal field marketers, but excluding~~
22 ~~limited representatives. brokers who are licensed to sell, solicit, and negotiate the kinds~~
23 ~~of insurance specified in G.S. 58-33-26(c1)(1), (2), (4), (6), (7), or (8).~~ In adopting the
24 rules, the Commissioner may use the same criteria as specified in subsection (a) of this
25 section ~~and shall provide that agents holding more than one license under~~
26 ~~G.S. 58-33-25(e) are required to complete no more than 18 credit hours per year.~~section.

27 (c) The license of any person who fails to comply with the continuing education
28 requirements under this section shall ~~lapse. The Commissioner may, for good cause~~
29 ~~shown, grant extensions of time to licensees to comply with these requirements.~~ lapse
30 except that the Commissioner or administrator may either grant an extension of time for
31 good cause shown or charge an administrative fee of seventy-five dollars (\$75.00), or
32 both, in lieu of having the person's license lapse.

33 (d) ~~Annual-Biennial~~ continuing professional education hour requirements shall be
34 determined by the Commissioner, but shall not be more than ~~12-24~~ credit hours. The
35 Commissioner may by rule establish a staggered system in which the credit hour
36 compliance period is based on the month and year of birth of each individual licensee.

37 (e) ~~No more than seventy five percent (75%) of the requirement relating to life or~~
38 ~~health insurance agents or brokers may be met by taking courses offered by licensed life~~
39 ~~or health insurance companies with which those agents or brokers have appointments.~~

40 (f) Repealed by Session Laws 1993 (Reg. Sess., 1994), c. 678, s. 18, effective
41 July 5, 1994.

42 (g) ~~The Commissioner shall permit any licensee to carry over to a subsequent~~
43 ~~calendar year up to seventy five percent (75%) of the required annual hours of~~
44 ~~continuing professional education.~~

1 (h) Any licensee who, after obtaining an extension under subsection (c) of this
2 section, offers evidence satisfactory to the Commissioner or administrator that the
3 licensee has satisfactorily completed the required continuing professional education
4 courses is in compliance with this section.

5 (i) The Commissioner is authorized to approve continuing professional
6 education courses.

7 (j) Repealed by Session Laws 2002-144, s. 3, as amended by Session Laws
8 2003-284, s. 22.2, and as amended by Session Laws 2004-124, s. 21.1, effective July 1,
9 2002.

10 (k) Repealed by Session Laws 1993, c. 409, s. 4, effective July 1, 1993."

11 **SECTION 9.** G.S. 58-33-132 reads as rewritten:

12 "**§ 58-33-132. Qualifications of instructors.**

13 (a) The Commissioner may adopt rules to establish requisite qualifications for
14 and issuance, renewal, summary suspension, and termination of provider, presenter, and
15 instructor authority for prelicensing and continuing insurance education courses. During
16 any suspension, the instructor shall not engage in any instruction of prelicensing or
17 continuing insurance education courses prior to an administrative review. No person
18 shall provide, present, or instruct any course unless that person has been qualified and
19 possesses a license from the ~~Commissioner~~. Commissioner or administrator.

20 (b) The Commissioner or administrator may summarily suspend or terminate the
21 authority of an instructor, course provider, or presenter if the course presentation:

22 (1) Is determined to be inaccurate; or

23 (2) Receives an evaluation of poor from any Department monitor and a
24 majority of attendees responding to Department questionnaires about
25 the presentation."

26 **SECTION 10.** G.S. 58-33-133 reads as rewritten:

27 "**§ 58-33-133. Continuing education course provider fees.**

28 (a) Each course provider shall ~~submit~~ pay to the Commissioner a fee of one
29 dollar (\$1.00) per approved credit hour per individual who successfully completes a
30 course under G.S. 58-33-130.

31 (b) At the time a course provider submits an application to the Commissioner for
32 approval of a course under G.S. 58-33-130, the provider shall pay to the Commissioner
33 a filing fee of one hundred dollars (\$100.00) per course up to a two thousand five
34 hundred dollars (\$2,500) per calendar year maximum.

35 (b1) Licensees who are required to comply with G.S. 58-33-130 shall pay to the
36 Commissioner a fee of one dollar (\$1.00) per credit hour earned. These fees also apply
37 to national designation courses and other courses approved by the Commissioner from
38 other State or federal programs.

39 (c) Fees collected by the Commissioner under this section and under
40 G.S. 58-33-130 shall be credited to the Insurance Regulatory Fund created under
41 G.S. 58-6-25. G.S. 58-6-25 for the purpose of offsetting the cost of administering the
42 program authorized by G.S. 58-33-130."

43 **SECTION 11.** G.S. 58-71-40(d) reads as rewritten:

1 "(d) When a license is issued under this section, the Commissioner shall issue a
2 picture identification card, of design, size, and content approved by the Commissioner,
3 to the licensee. Each licensee must carry this card at all times when working in the
4 scope of the licensee's employment. A licensee whose license terminates or is
5 terminated shall surrender the identification card to the Commissioner within 10
6 working days after the termination. The Commissioner may contract directly with
7 persons for the processing and issuance of picture identification cards required by this
8 section and may charge a reasonable fee in addition to the license fee charged under
9 G.S. 58-71-55 in an amount that offsets the cost of the service, including the costs
10 associated with the contract authorized by this subsection. Contracts entered into
11 pursuant to this subsection shall not be subject to Article 3 of Chapter 143 of the
12 General Statutes."

13 **SECTION 12.** G.S. 58-71-115 reads as rewritten:

14 "**§ 58-71-115. Insurers to annually report surety bondsmen; notices of**
15 **appointments and terminations; information confidential.**

16 (a) Before July 1 of each year, every insurer shall furnish the Commissioner a list
17 of all surety bondsmen appointed by the insurer to write bail bonds on the insurer's
18 behalf. An insurer who appoints a surety bondsman in the State on or after July 1 of
19 each year ~~must~~ shall notify the Commissioner of the appointment. All appointments are
20 subject to the issuance of the proper license to the appointee under this Article.

21 (b) An insurer terminating the appointment of a surety bondsman shall file a
22 written notice of the termination with the Commissioner, together with a statement that
23 the insurer has given or mailed notice of the termination to the surety bondsman and to
24 the clerk of superior court of any county in the State in which the insurer has been
25 obligated on bail bonds through the surety bondsman within the past three years.
26 bondsman. The notice to the Commissioner shall state the reasons, if any, for the
27 termination. Information furnished in the notice to the Commissioner shall be privileged
28 and shall not be used as evidence in or basis for any action against the insurer or any of
29 its representatives."

30 **SECTION 13.** G.S. 58-71-141 reads as rewritten:

31 "**§ 58-71-141. Appointment of bail bondsmen; affidavit required.**

32 (a) ~~Prior to~~ Before receiving an appointment, a surety bondsman shall submit to
33 the Commissioner an affidavit, signed under oath, by the surety bondsman and by any
34 former insurer, stating that the surety bondsman does not owe any premium or
35 unsatisfied judgment to any insurer and that the bondsman agrees to discharge all
36 outstanding forfeitures and judgments on bonds previously written. The affidavit shall
37 be in a form prescribed by the ~~Commissioner.~~ Commissioner and shall be submitted by
38 the surety bondsman to the former insurer. If the surety bondsman does not satisfy or
39 discharge all forfeitures or judgments, the former insurer shall submit a notice, with
40 supporting documents, to the appointing insurer, the surety bondsman, and the
41 Commissioner, which states, under oath, that the surety bondsman has failed to satisfy,
42 in a timely manner, the forfeitures and judgments on bonds written by the surety
43 bondsman and that the former insurer has satisfied the forfeiture or judgment from its
44 own funds. The former insurer shall submit the notice and supporting documents to the

1 appointing insurer, the surety bondsman, and the Commissioner within 30 days after the
2 former insurer receives the affidavit from the surety bondsman. Upon receipt of the
3 ~~notification notice~~ and supporting documents, the appointing insurer shall immediately
4 cancel the surety bondsman's appointment. The surety bondsman may be reappointed
5 only upon certification by the former insurer that all forfeitures and judgments on bonds
6 written by the surety bondsman have been discharged. The appointing insurer or surety
7 bondsman may, within 10 days ~~of the receipt of~~ after receiving the notice and
8 supporting documents from the former insurer, appeal to the Commissioner.

9 (b) The Commissioner shall adopt rules, including rules regarding the ~~process of~~
10 procedures for appeals and stays of the requirements of this section, to implement this
11 section.

12 (c) As used in this section, "former insurer" means the insurer with whom the
13 surety bondsman had a prior appointment and who is responsible for any outstanding
14 bonds written by the surety bondsman."

15 **SECTION 14.** G.S. 58-71-165 reads as rewritten:

16 **"§ 58-71-165. Monthly report required.**

17 (a) Each professional bail bondsman ~~and surety bondsman~~ shall file with the
18 Commissioner a written report in form prescribed by the Commissioner regarding all
19 bail bonds on which the bondsman is liable as of the first day of each month showing (i)
20 each individual bonded, (ii) the date the bond was given, (iii) the principal sum of the
21 bond, (iv) the State or local official to whom given, and (v) the fee charged for the
22 bonding service in each instance.

23 (b) Each insurer that appoints surety bondsmen in this State shall file with the
24 Commissioner a written report in a form adopted by the Commissioner regarding all
25 bail bonds on which the insurer is liable as of the last day of each calendar quarter
26 showing the total dollar amount for which the insurer is liable. The report shall be filed
27 on or before the fifteenth day following the end of each calendar quarter.

28 (c) The ~~report~~ reports required by subsections (a) and (b) of this section shall be
29 filed on or before the fifteenth day of each month.

30 (d) Any person who knowingly and willfully falsifies a report required by this
31 section is guilty of a Class I felony."

32 **SECTION 15.** G.S. 58-2-69 reads as rewritten:

33 **"§ 58-2-69. Notification of criminal convictions and changes of address; service of**
34 **notice. notice; contracts for online services, administrative services, or**
35 **regulatory data systems.**

36 (a) As used in this section:

37 (1) "License" includes any license, certificate, registration, or permit
38 issued under this Chapter.

39 (2) "Licensee" means any person who holds a license.

40 (b) Every applicant for a license shall inform the Commissioner of the applicant's
41 residential address. Every licensee shall give written notification to the Commissioner
42 of any change of the licensee's residential address within 10 business days after the
43 licensee moves into the licensee's new residence. This requirement applies if the change
44 of residential address is by governmental action and there has been no actual change of

1 residence location; in which case the licensee ~~must~~ shall notify the Commissioner
2 within 10 business days after the effective date of the change. A violation of this
3 subsection is not a ground for revocation, suspension, or nonrenewal of the license or
4 for the imposition of any other penalty by the ~~Commissioner.~~ Commissioner, though a
5 licensee who violates this subsection shall pay an administrative fee of seventy-five
6 dollars (\$75.00) to the Commissioner.

7 (c) If a licensee is convicted in any court of competent jurisdiction for any crime
8 or offense other than a motor vehicle infraction, the licensee shall notify the
9 Commissioner in writing of the conviction within 10 days after the date of the
10 conviction. As used in this subsection, "conviction" includes an adjudication of guilt, a
11 plea of guilty, or a plea of nolo contendere.

12 (d) Notwithstanding any other provision of law, whenever the Commissioner is
13 authorized or required to give any notice under this Chapter to a licensee, the notice
14 may be given personally or by sending the notice by first-class mail to the licensee at
15 the address that the licensee has provided to the Commissioner under subsection (b) of
16 this section.

17 (e) The giving of notice by mail under subsection (d) of this section is complete
18 upon the expiration of four days after the deposit of the notice in the post office. Proof
19 of the giving of notice by mail may be made by the certificate of any employee of the
20 Department.

21 (f) Notification by licensees under subsection (b) of this section may be
22 accomplished by submitting written notification directly to the Commissioner or by
23 using any online services approved by the Commissioner for this purpose.

24 (g) The Commissioner may contract with the NAIC or other persons for the
25 provision of online services to licensees, for the provision of administrative services to
26 licensees, or for the provision of regulatory data systems to the Commissioner. The
27 NAIC or other person with whom the Commissioner contracts may charge licensees a
28 reasonable fee for the costs associated with the licensees' use of online services and
29 administrative services. The fee shall be agreed to by the Commissioner and the other
30 contracting party and shall be stated in the contract. Contracts for the provision of
31 online services, contracts for the provision of administrative services, and contracts for
32 the provision of regulatory data systems shall not be subject to Article 3, 3C, or 8 of
33 Chapter 143 of the General Statutes or to Article 3D of Chapter 147 of the General
34 Statutes."

35 **SECTION 16.** This act becomes effective January 1, 2008, and applies to
36 fees or charges due, and actions occurring, on or after that date.